

ZYSTOR THERAPEUTICS COMPLETES FIRST FINANCING

December 15, 2004

ZyStor Therapeutics, Inc., a biotechnology company developing innovative enzyme replacement therapies for the treatment of Lysosomal Storage Diseases, today announced the completion of the first tranche of an \$8.5 million financing. With the proceeds, ZyStor will continue the preclinical development of therapeutics to treat certain Lysosomal Storage Diseases. The company expects to file an investigational new drug application (IND) for one of these therapies in 2006 and to partner with leading pharmaceutical companies for the development of additional enzyme replacement therapies.

Mason Wells and Venture Investors led the syndicate of seven venture funds that participated in ZyStor's financing. This syndicate also included Prolog Ventures, the State of Wisconsin Investment Board, Hexagon Investments, Apjohn Ventures and Stonehenge Capital.

"We are pleased to complete a financing of this size with this supportive group of venture funds," said Loren G. Peterson, president and chief executive officer of ZyStor Therapeutics. "With this funding, we can aggressively move forward with the preclinical development of improved therapeutics for Pompe, Fabry and Gaucher disease patients."

Concurrent with this financing, ZyStor acquired proprietary technology, known as Glycosylation Independent Lysosomal Targeting (GILT), from Symbionics, Inc. This technology is designed to improve the effectiveness of therapeutics that replace missing lysosomal enzymes in patients suffering from Lysosomal Storage Diseases by enhancing the enzymes' ability to bind to target cells. Improved binding allows more enzymes to reach the lysosome of these cells, where they break down complex cellular components for reuse by the body. Deficiency of lysosomal enzymes results in a dangerous accumulation of proteins, sugars and fats in cells that can lead to serious conditions such as respiratory and cardiac problems, organ enlargement, skeletal changes and even death.

"We believe that the GILT-enabled therapies that ZyStor has in development have the potential to greatly improve the delivery of enzymes to clinically significant tissues in the body, thereby allowing patients who suffer from Lysosomal Storage Diseases to lead more normal lives," said Jonathan H. LeBowitz, ZyStor Therapeutics' executive vice president and chief scientific officer.

Separately, ZyStor announced plans to locate its offices and laboratories at the Milwaukee County Research Park. These facilities, which are now under construction at the Technology Innovation Center located at the Research Park, are expected to be ready for occupancy in January 2005.